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Collin County Man Sentenced in Mortgage Fraud Scheme

SHERMAN, Texas – A 46-year-old Frisco, Texas man has been sentenced for his role in a mortgage fraud scheme in the Eastern District of Texas, announced U.S. Attorney John M. Bales today.

Michael Burnham pleaded guilty in July 2013 to conspiracy to commit bank fraud in connection with a FHA insured home loan and was sentenced to 51 months in federal prison today by U.S. District Judge Marcia Crone. Burnham was also ordered to pay restitution in the amount of \$1.3 million.

According to court documents, between March and August 2010, Burnham conspired with another individual, Michael Battista, to defraud Flagstar Bank, a federally insured bank. Burnham agreed with Battista that Burnham would recruit buyers to purchase houses that Battista owned. As an incentive to purchase the house, Burnham would promise the buyer a cash payment following the closing of the sale. Battista and Burnham fraudulently overstated the true purchase price of the houses in sales contracts and closing documents. This caused the buyers' mortgage lenders, such as Flagstar Bank, to unknowingly fund purchase loans that generated more sales proceeds to Battista than what Battista was purportedly demanding for the houses. Battista then used the excess sales proceeds to pay a kickback to Burnham for recruiting the buyer, and Burnham would make the cash incentive payment to the buyer out of his kickback funds. The scheme caused a loss to mortgage lenders of more than \$1.3 million. Burnham was ordered to make restitution in that amount to the victims of his scheme. Battista previously pleaded guilty and has been sentenced for his participation in the scheme.

This law enforcement action is part of President Barack Obama's Financial Fraud Enforcement Task Force.

President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

The case was investigated by the Federal Housing Finance Agency Office of Inspector General and the Department of Housing and Urban Development Office of Inspector General. The case was prosecuted by Assistant U.S. Attorney Andy Williams.

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